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**G-Resources Group Limited**  
**國際資源集團有限公司\***  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 1051)

## ANNOUNCEMENT

### G-RESOURCES – MARTABE MINE QUARTERLY UPDATE, SECOND QUARTER 2014 OPERATING RESULTS

Hong Kong, 14 July 2014

#### PRODUCTION HIGHLIGHTS

Gold Poured, ounces	
Q2 2014	70,135
Q1 2014	64,802
Costs, AISC, \$/ounce sold	
Q2 2014	709
Q1 2014	682
Average Gold Price, \$/ounce	
Q2 2014	1,286
Q1 2014	1,281

G-Resources Group Limited (HKSE: 1051 – “G-Resources” or the “Company”) is pleased to update the market with operating performance at G-Resources Martabe gold and silver mine in Indonesia for the second quarter of 2014.

#### HIGHLIGHTS

Through the quarter, the mine and process plant continued to operate well with gold production on plan and costs continuing to be well managed. AISC of \$709/ounce for the quarter is better than guidance.

The key events and achievements during the quarter were:

- 70,135 ounces of gold poured for the quarter. This brings the half year to 134,937 ounces, which is equivalent to an annualized production of 270,000 ounces, exceeding current guidance of 230,000 to 250,000 ounces.
- 530,918 ounces of silver poured for the quarter and 1,046,535 ounces for the half year, which is equivalent to an annualized production of over 2 million ounces, meeting current guidance.
- Gold and silver revenue received from sales of \$102M.



- **Site operating costs for the quarter were again maintained below budget levels as management continued to seek operating improvements across all activities. All-in sustaining costs (“AISC”) under the World Gold Council (“WGC”) guidelines were \$709/ounce sold for the quarter and \$695/ounce year to date.**

## PRODUCTION STATISTICS

	Q2 2014	Q1 2014
Tonnes Mined Ore	1,363,000	1,585,000
Tonnes Mined Waste	2,101,000	2,151,000
Tonnes Milled	922,000	894,000
Gold Head Grade, g/t	2.86	2.65
Silver Head Grade, g/t	25.79	25.52
Gold Recovery, %	83.8	82.8
Silver Recovery, %	70.4	69.2
Gold Poured, ounces	70,135	64,802
Silver Poured, ounces	530,918	515,617

## OPERATIONS

Safety performance in the quarter remained generally excellent, with a single lost time injury recorded.

Total mine material movements of ore and waste are 7.2M tonnes year to date, exceeding plan by 20%. Ore mined is slightly behind plan (9%) in order to better match mill throughput, and waste mined significantly exceeding plan (54%) as opportunity presented itself to accelerate tailing storage facility (“TSF”) construction.

The process plant has continued to perform well with gold recovery 1.5% over plan year to date and silver on plan. Mill throughput has become more consistent during the quarter with a 3% improvement on the previous quarter. Plans for the installation of a temporary secondary crusher to assist in increasing throughput are well advanced and should be installed in the third quarter.



Gold poured of 70,135 ounces was over plan for the quarter with a calculated annualized production based on year to date gold poured of 134,937 ounces being well in excess of guidance. Silver poured was on plan at over 500,000 ounces for the quarter.

*Spouses of employees visiting the Martabe Mine.*



## **GOVERNMENT AND COMMUNITY RELATIONS**

Community and Government Relations remain in good standing during the quarter with the continued commitment to the Martabe long term Community Relations and Social Licence plan. During the quarter, the annual support of the cataract eye operations took place with over 1,100 people having operations this year.

One area of challenge that remains is the provision of grid power from PLN, the state owned Indonesian power provider. During the latter part of the quarter PLN provided a continuous 3MW of power for commissioning purposes – a significant advancement in the long term supply of grid power. Negotiations with PLN continue to reaffirm commitments to deliver full power once the current shortage of supply is rectified.



In June, the Company received “approval-in-principle” for the ultimate construction of the TSF to full height of RL360 which is in excess of the life-of-mine containment requirement. Formal certification is expected after the Muslim holy month of Ramadan.

*Grateful recipients of cataract eye operations with EGM Tim Duffy.*



## **COSTS, FINANCE AND CORPORATE**

During the quarter, the world market price of gold fluctuated between \$1,242/ounce and \$1,325/ounce with the Company achieving an average price for the quarter of \$1,286/ounce. The Company has factored in lower gold and silver prices to its internal financial modeling and prices received for sales were on average in excess of plan through the quarter.



The Company has continued its focus on the “Martabe Improvement Programme” (“MIP”) seeking to continually realise incremental improvements in operations across the whole business to deliver ever improving financial results. For the quarter, the AISC, at \$709/ounce, continues to demonstrate Martabe’s position as one of the world’s leading gold mines.

At the quarter end, the Company had \$313M in cash and marketable securities and had no outstanding debt. Financial data for this and the last quarter was as follows:

	Q2 2014	Q1 2014
Gold sold ounces	72,976	62,689
Silver sold ounces	429,051	450,592
Gold sold average price, \$/ounce	1,286	1,281
Silver sold average price, \$/ounce	19	20
Receipts from sales, \$M	102	89.3
WGC adjusted operating cost, \$/ounce sold	490	455
AISC, \$/ounce sold	709	682

As at 30 June 2014, there were 16,020 ounces of gold and 246,024 ounces of silver in bullion form, on site and in transit to sale in final refined form. The reduced silver sold as compared to poured was due to the refinery undertaking a silver stocktake and audit during the last 2 weeks of June, this has had a negative impact on AISC for the quarter of approximately \$21/ounce, but this will be recovered in the next quarter.

Capital spent through the quarter, including TSF costs but excluding regional exploration, was approximately \$15M, which is on budget.



A breakdown of the actual production and cost data for the last four quarters is provided in the following table:

		Q3 2013	Q4 2013	Q1 2014	Q2 2014 (Note 1)
<b>Gold production</b>	ounces	75,132	72,500	64,802	70,135
<b>Gold sold</b>	ounces	82,845	66,514	62,689	72,976
<b>Gold average price</b>	\$/ounce	1,326	1,266	1,281	1,286
<b>Silver production</b>	ounces	433,942	454,583	515,617	530,918
<b>Silver sold</b>	ounces	453,614	427,830	450,592	429,051
<b>Silver average price</b>	\$/ounce	21	21	20	19
<b>Total site cash costs</b>	\$M	38.10	39.89	38.60	40.22
<b>Silver by-product</b> (Note 2)	\$M	-8.28	-7.44	-7.89	-6.71
<b>Site cash costs after silver credits</b>	\$M	29.82	32.45	30.71	33.51
<b>Other sustaining costs</b> (Note 3)	\$M	25.51	17.90	12.04	18.25
<b>Total all-in sustaining</b>	\$M	55.33	50.35	42.75	51.76
<b>Receipts from bullion sale</b>	\$M	119.5	93.0	89.3	102.1
<b>NAGIS</b>	\$/ounce	397	447	474	478
<b>WGC - all-in sustaining</b>	\$/ounce	668	757	682	709

Notes:

1. Quarters refer to relevant calendar year.
2. Includes royalty and refining costs.
3. Includes an allocation of corporate costs, near mine exploration, sustaining capital, project feasibility studies and environmental rehabilitation.



## EXPLORATION AND RESOURCES

Exploration activity continued with 5 to 7 drill rigs operating close to the Martabe operations. Activity continued to focus on Purnama sulphide potential at depth, and oxide potential at Purnama South and East and Barani South. These programs were detailed in a JORC 2012 compliant Exploration Release on 29 May 2014.

The key results from this exploration work were:

- Best results from drilling include:
  - 19.0m @ 7.56 g/t Au (Purnama south east)
  - 32.6m @ 2.08 g/t Au and 65.5m @ 1.41 g/t Au (Purnama depth extensions)
  - 32.0m @ 1.24 g/t Au (Barani south)
  - 20.4m @ 3.00 g/t Au (Uluala Hulu)
  
- Identification of future potential upgrade to Purnama in-pit Resources and Reserves.
  
- Early stage metallurgical test work with whole of ore pressure oxidation returned recoveries of +90% in Purnama Refractory ores.

Work continues with further positive results, and it is expected that revised mineral resource estimates will be released for the Purnama, Barani and Uluala Hulu deposits by year end.

An external review and audit of the geological work in the Purnama pit has confirmed the validity of the mineral Resource and Ore Reserve Estimates. The estimates are considered appropriately conservative although reconciliations to date indicate there may be an underestimation of gold grades. Current work is focused on attempting to demonstrate if this underestimation will continue in the future.



## **GUIDANCE FOR 2014**

The Company considers that it will achieve the upper end of the prior guidance for 2014, i.e. 250,000 ounces of gold. Silver guidance at 2 million ounces remains unchanged.

AISC, as calculated using the WGC Guidelines, are revised downwards from \$750 to \$850 per ounce to be between \$700 and \$800 per ounce of gold sold. Site cash operating costs per ounce of gold sold as calculated using the WGC Adjusted Operating Cost guideline remain unchanged and are anticipated to be between \$450 and \$550 per ounce.

Exploration expenditures are expected to be reduced slightly from \$17M to approximately \$15M, whilst capital expenditure is estimated to be approximately \$60M - this includes some minor land acquisition costs and lifts for the tailings storage facility. The installation of a secondary crushing facility to bring plant throughput capacity to around 5 mtpa, is now not anticipated to occur until the first half of 2015.

## **ABOUT MARTABE**

The Martabe mine is located on the western side of the Indonesian island of Sumatra in the Province of North Sumatra, in the Batangtoru sub-district (Figure 1). Martabe is established under a sixth generation Contract of Work ("CoW") signed in April 1997. The CoW defines all of the terms, conditions and obligations of both G-Resources and the Government of Indonesia for the life of the CoW.





*Martabe Mine Aerial view.*



Martabe, with a resource base of 8.1 million ounces of gold and 73.8 million ounces of silver, is G-Resources Group's core starter asset. Martabe's operating capacity is to mine and mill the equivalent of 4.5 mtpa ore to produce some 250,000 ounces gold and 2 million ounces silver per annum. Costs are competitive when compared to global gold producers.

G-Resources is seeking to organically grow gold production through continued exploration success on the large and highly prospective CoW area (Figure 2). The Martabe mine enjoys the strong support of the Indonesian Central, Provincial and Local Governments and the nearby communities of Batangtoru.

By Order of the Board  
**G-Resources Group Limited**  
**Peter Geoffrey Albert**  
*Chief Executive Officer*

Hong Kong, 14 July 2014

(In this announcement, "\$" means "US\$")



*As at the date of this announcement, the Board comprises:*

- (i) Mr. Chiu Tao, Mr. Owen L Hegarty, Mr. Peter Geoffrey Albert, Mr. Ma Xiao, Mr. Wah Wang Kei, Jackie and Mr. Hui Richard Rui as executive directors of the Company; and*
- (ii) Mr. Or Ching Fai, Ms. Ma Yin Fan and Mr. Leung Hoi Ying as independent non-executive directors of the Company.*

For media or investor enquiries please contact:

**Hong Kong:**

Mr. Richard Hui  
T. +852 3610 6700

Ms. Joanna Ip  
T. +852 3610 6700

**Melbourne, Australia:**

Mr. Owen Hegarty  
T. +61 3 8644 1330

Ms. Amy Kong  
T. +61 3 8644 1330

*\* For identification purpose only*



**Figure 1: Martabe Mine Location.**





**Figure 2: Martabe Contract of Work.**

